

## THE EFFECT OF TAX UNDERSTANDING, TAXPAYER AWARENESS, TAX SOCIALIZATION AND FISCUS SERVICES ON TAXPAYER COMPLIANCE OF PERSONAL PERSONS

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### Abstract

*This study aims to examine the existence, (1) The effect of tax understanding on individual taxpayer compliance, (2) The effect of taxpayer awareness on individual taxpayer compliance, (3) The effect of tax socialization on individual taxpayer compliance, (4) The influence of tax authorities on individual taxpayer compliance. This type of research is quantitative research. The population in this study is an individual taxpayer as an employee who has met the requirements as a registered taxpayer at KPP Pratama Jepara. The sample in this study was an individual taxpayer of Income Tax Article 21. Sampling in this study was conducted by using simple random sampling method. The data collection technique in this study was carried out by interview. The data analysis technique used is multiple regression techniques with the help of SPSS.*

*The results of this study indicate that (1) Understanding of taxes has no effect on taxpayers. (2) Taxpayer awareness has a positive effect on taxpayer comments. (3) Tax socialization does not have a significant effect on tax recommendations. (4) Fiskus services do not have a significant effect on taxpayer comments.*

**Keywords :** *Taxpayer Compliance, Tax Understanding, Taxpayer Awareness, Tax Socialization, Fiscal Service*

### I. INTRODUCTION

In Indonesia, almost 75% of state revenue currently comes from taxes. The dominance of taxes as a source of revenue is a very natural thing, when natural resources, especially oil can no longer be relied on. Receipts from a natural resource have a relatively limited lifespan which one day will run out and cannot be renewed. This is different from taxes, this source of income has an unlimited age, especially as the population increases, the State revenue from the tax sector will also increase. Tax payments are a manifestation of the state's obligations and the participation of the community in collecting funds to finance the state and national development. Taxes that aim to improve the welfare of all people through the improvement and addition of public services, allocate taxes not only for the taxpayers but also for the benefit of the people who are not obliged to pay taxes.

The imposition of taxes has two functions, namely, as a source of state finance or budgetair and a tool to regulate or implement government policies in the social and economic fields (Regular) (Mardiasmo, 2003). As a source of state finance, taxes aim to include as much money as possible in the state treasury which in time will be used by the government to finance state expenditures, both for routine expenditures in implementing government mechanisms and expenditures to finance development. The importance of taxes, especially to finance development, because citizens are ordinary people in addition to having daily needs in the form of clothing, food, and also need facilities and infrastructure.

According to Rustiyaningsih (2011) one of the things that affects tax revenue in Indonesia is the level of taxpayer compliance in fulfilling their tax obligations. Taxpayer compliance is a taxpayer who is disciplined and obedient, and has no arrears or delays in depositing taxes. In addition, the level of understanding of taxation is also a potential factor for the government to improve taxpayer compliance in fulfilling their tax obligations. The taxpayer's understanding of tax laws and regulations, and the attitude of the taxpayer affects the tax behavior of the taxpayer, and finally the taxation behavior affects the success of taxation (Sholichah, 2005). A good understanding is very important in order to increase tax revenue. According to Spicer and Lundset (1976) in

Razman (2005) explains that if the knowledge and understanding of taxation is low, the taxpayer's compliance with applicable regulations is also low.

Without basic knowledge and understanding of taxes, taxpayers will not respond to the needs and developments that come from the provisions of tax regulations. One of the efforts to improve taxpayer compliance is to provide good service to taxpayers. According to Devano and Rahayu (2006:112), service quality is all service activities carried out by the tax service office as an effort to fulfill the needs of taxpayers in the context of implementing statutory provisions, which aims to maintain mandatory satisfaction.

Collecting taxes is indeed not an easy job, in addition to the active participation of tax officials, the willingness of the taxpayers themselves is also required. Where according to tax law, Indonesia adheres to a self-assessment system which gives confidence to taxpayers to calculate, deposit and report their own taxes, causing the correctness of tax payments depending on the honesty of the taxpayer himself in reporting his tax obligations.

The tax collection system in Indonesia has changed from an official assessment system to a self-assessment system. The official assessment system is a tax collection system that authorizes the tax authorities to determine the amount of tax owed by the taxpayer. The self-assessment system is a tax collection system that authorizes taxpayers to determine the amount of tax payable.

The self-assessment system demands an active role from the community in carrying out tax obligations. High awareness and compliance of taxpayers is the most important factor in the implementation of the system. One of the efforts to improve taxpayer compliance in providing good service quality and quantity of service is expected to increase satisfaction to taxpayers as customers, so it can increase compliance in the field of taxation. The new paradigm that defines government officials as state servants in the community (tax payers) must be prioritized in order to improve the performance of public services.

## **II. LITERATURE REVIEW**

According to Adriani (1991: 2) that taxes are contributions to the state (which can be imposed) owed by those who are obliged to pay them according to regulations, without getting performance back, which can be directly appointed and whose purpose is to finance general expenses related to with the task of the state administering the government. According to Soemahamidjaja, taxes are mandatory contributions in the form of money or goods that are collected by the authorities based on legal norms, in order to cover the costs of producing collective goods and services in achieving general welfare. According to Soemitro (1990: 5) tax is a contribution to the state treasury based on the law (which can be forced) by not receiving reciprocal services (contra-achievements) which can be directly addressed and used to pay general expenses. From these definitions, it can be concluded that the characteristics inherent in the definition of tax are:

1. Taxes are levied based on the law and its implementing rules which can be enforced
2. In paying taxes, it cannot be shown that there is an individual counter-achievement by the government
3. Taxes are levied by the state, both central and local governments
4. Taxes are for government expenditures
5. Taxes can also have purposes other than budgetary, namely regulating (Waluyo and Ilyas, 2002)

### **Taxpayer's Level of Understanding**

According to Riko (2006:75), the level of understanding is a process of increasing knowledge intensively carried out by an individual and the extent to which he will be able to understand correctly the problem material he wants to know. The problem of understanding the level of taxation of taxpayers needs to be discussed because knowledge of taxation is one of the potential factors for the government to improve taxpayer compliance in fulfilling its obligations.

### **Taxpayer Awareness**

Awareness of taxpayers on the function of taxation as state financing and awareness of paying taxes is needed to increase taxpayer compliance (Nugroho, 2006). The public must be aware of their existence as citizens who always uphold the 1945 Constitution as the legal basis for state administration. Taxpayer awareness is a condition in which the taxpayer knows, recognizes, respects and obeys the applicable tax provisions and has the sincerity and desire to fulfill his tax obligations.

### **Tax Socialization**

According to Rohmawati, Prasetyono, Rimawati (2013), socialization of taxation is an effort made by the Director General of Taxes to provide knowledge to the public and especially taxpayers to know about all things regarding taxation, both regulations and taxation procedures through appropriate methods. Socialization can not

only increase knowledge about taxes which can later have an impact on increasing awareness of taxpayers themselves. However, tax socialization is expected to increase taxpayer compliance so that the amount of tax revenue can increase according to the target.

### **Fiscal Service Quality**

Fiskus is an apparatus from the tax office that handles the administration and taxation in Indonesia (Indonesian Taxation Encyclopedia, 1997: 179). Taxpayers will comply in fulfilling their obligations to pay taxes depending on how the tax officer provides the best service to taxpayers. Service is a process of helping others in certain ways that require sensitivity and interpersonal relationships in order to create satisfaction and success (Boediono, 2003: 60).

### **Taxpayer Compliance Level**

Compliance in taxation can be defined as the degree to which taxpayers comply with tax laws and regulations (Hom, 1999: 13). In accordance with the Decree of the Minister of Finance Number 235/KMK./03/2003, a Taxpayer can be determined as a Compliant Taxpayer who can be given a preliminary refund of the tax overpayment if it fulfills all the following requirements:

1. Timely in submitting the Annual Tax Return in the last 2 (two) years.
2. In the last year of late submission of Periodic SPT no more than 3 (three) tax periods for each type of tax and not consecutively.
3. The late SPT is submitted not later than the deadline for submitting the SPT for the next tax period.
4. Do not have tax arrears for all types of taxes.
5. Never been sentenced for committing a crime in the field of taxation within the last 10 (ten) years.
6. In the event that the financial statements are audited by a public accountant or the Financial and Development Supervisory Agency, it must be with an unqualified opinion as long as the exception does not affect the taxable profit and loss.

### **Hypotheses :**

H1 : The level of understanding of taxpayers affects taxpayer compliance.

H2: Taxpayer awareness affects taxpayer compliance.

H3 : Tax socialization has an effect on taxpayer compliance.

H4 : The quality of tax service has an effect on taxpayer compliance.

## **III. METHOD**

### **Research variable**

1. Independent Variable (X)

The independent variable is also called the independent variable, which is a variable that can affect changes in the dependent variable later. In this study, the independent variables are tax understanding, taxpayer awareness, tax socialization and tax service services.

2. Bound Variable (Y)

The dependent variable is also called the dependent variable, which is the variable that becomes the main concern in an observation. The dependent variable in this study is individual taxpayer compliance.

### **Research Object and Sample Unit**

The object of this research is the Jepara Pratama Tax Service Office which is located at Jl. Soekarno-Hatta KM 8 Ngabul villages, Tahunan sub-district, Jepara district. The sample unit in this study is an individual taxpayer who is obliged to pay PPh article 21 registered at the Jepara KPP Pratama.

### **Population and Sample**

The population in this study is an individual taxpayer as an employee who has met the requirements as a registered taxpayer at KPP Pratama Jepara. The total population in this study is about 4,000 taxpayers. The sample in this study is an individual taxpayer PPh article 21 about 40-80 taxpayers. And the sampling in this study was done by simple random sampling method. Because every individual taxpayer at KPP Pratama Jepara has the same opportunity to be a sample, which is considered in accordance with the purpose of the study.

### **Data Types and Sources**

This type of research is quantitative research. Because the data obtained will be in the form of numbers. From the figures obtained will be analyzed further in data analysis. The source of data in this study is primary

data, namely data that comes directly from data sources that are collected specifically and are directly related to the problems studied.

**Method of collecting data**

The data collection technique in this study was conducted by interview, namely giving a set of written questions (questionnaires) to the respondents to be answered.

**Data analysis method**

From the data that has been collected, it will be processed using multiple analysis tools (multiple regression).

The model used in the study uses the formula:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Where:

Y = Compliance with individual income tax payers

a = Constant

b = Coefficient of each variable X1, X2, X3 and X4

X1 = Tax Understanding

X2 = Taxpayer Awareness

X3 = Tax Socialization

X4 = Fiscus Service

e = Error term

**Data Analysis Technique**

Before testing the hypothesis using the t-test on multiple regression analysis, the validity and reliability tests will be carried out previously. Then proceed with a series of classical assumption tests which include normality test, heteroscedasticity test and autocorrelation test.

**IV. METHOD**

**Multiple Regression Analysis**

Model		Unstandardized Coefficients		Standar dized Coeffici ents		Sig.
		B	Std. Error	Beta	T	
1	(Constant)	-1.666	1.329		-1.254	.218
	Tax Understanding	.068	.102	.080	.670	.507
	Taxpayer Awareness	.523	.110	.603	4.752	.000
	Tax Socialization	.074	.071	.136	1.044	.304
	Fiscus Service	.095	.091	.142	1.049	

Based on the table above, the multiple regression equation model can be analyzed as follows:

$$Y = -1.666 + 0.068X_1 + 0.523X_2 + 0.074X_3 + 0.095X_4 + e$$

Information:

Y = Individual taxpayer compliance

a = Constant

X1 = Tax Understanding

X2 = Taxpayer Awareness

X3 = Tax Socialization

X4 = Fiscus Service

e = Error term

## Discussion

### The effect of tax understanding on taxpayer compliance

The results of this study indicate that the level of tax understanding is not significant to taxpayer compliance. Where the understanding of tax here is not a factor that affects the level of tax know about regulations and laws as well as taxation procedures and their application to carry out tax activities such as calculating SPT, reporting SPT, and so on. Taxpayers who will pay taxes of course need to understand the benefits of paying taxes and the function of the tax itself. The higher the understanding of tax regulations, the taxpayers will be more obedient in paying taxes. Taxpayer's understanding of tax regulations is an internal cause because it is under the control of the taxpayer himself. The level of knowledge and understanding of different taxpayers will affect the assessment of each taxpayer to behave obediently in carrying out tax obligations.

### The Effect of Taxpayer Awareness on Taxpayer Compliance

The results of this study indicate that taxpayer awareness has a significant effect on taxpayer compliance. So, the awareness of taxpayers in the KPP Pratama Jepara is a factor that influences taxpayers to be obedient to taxes. It can be said that the higher the taxpayer's awareness, the higher the taxpayer's compliance in fulfilling their tax obligations. This is in line with the research of Sapriadi (2013) and Setiawan (2014), which state that taxpayer awareness has a positive effect on taxpayer compliance. Taxpayer awareness of taxation is a feeling that arises from within the Taxpayer about taxation obligation to pay taxes sincerely without any element of coercion. With high tax awareness, taxpayer compliance with their tax obligations can increase.

According to Jatmiko (2006), awareness of taxpayers on the function of taxation as state financing is needed to improve taxpayer compliance. According to Muliari and Nugroho (2006) the higher the level of awareness of taxpayers, the better understanding and implementation of tax obligations so as to increase taxpayer compliance. The importance of an awareness to pay taxes is very necessary, given the high importance of taxes for the state, it is obligatory for taxpayers to be aware of paying taxes. So the higher the awareness of taxpayers in paying taxes, the sense of awareness will be high in complying with paying taxes.

### The Effect of Tax Socialization on Taxpayer Compliance

The results of this study indicate that tax socialization has no significant effect on taxpayer compliance. It is indicated by the presence of a significance level  $> 0.05$ . This is due to the lack of awareness of taxpayers on the importance of taxes. Taxpayers admit that they have found a lot of socialization of taxation on television, although in other media such as banners and billboards they are still rarely found. However, taxpayer compliance returns to the self-awareness of each taxpayer. According to Rohmawati, Prasetyono, Rimawati (2013), socialization of taxation is an effort made by the Director General of Taxes to provide knowledge to the public and especially taxpayers to know about all things regarding taxation, both regulations and taxation procedures through methods that appropriate. Tax socialization is expected to increase taxpayer compliance so that the amount of tax revenue can increase according to the target.

Socialization can be done through electronic media and print media. For example, it can be done with talk shows on radio or television, making opinions, reviews and question and answer rubrics in newspapers, tabloids or magazines. In addition, the delivery can be through formal or informal events. Formal events usually use an event format that is formally structured. Informal events usually use a more relaxed and informal event format.

### The Effect of Fiscal Services on Taxpayer Compliance

The results of this study indicate that the socialization of taxation is not significant to taxpayer compliance. This is indicated by a significance level  $> 0.05$  and a t-count  $< t$ -table. Service quality can be interpreted as a comparison between the service perceived by consumers and the quality of service expected by consumers (Sapriadi, 2013). If the perceived quality equals or exceeds the expected service quality, then the service is said to be of high quality and satisfactory, and vice versa. Thus, the quality of tax service services is a measure of the image that is recognized by the community regarding the services provided, whether the public is satisfied or

dissatisfied. Service quality or service as a measure of how well the level of service provided is able to meet the expectations of the taxpayer. The best quality of service received by taxpayers from tax officers will make taxpayers tend to be obedient to pay their tax obligations. Providing quality services to taxpayers will make taxpayers feel comfortable in paying taxes and increase their income compliance in paying taxes. Service quality can be measured by the ability to provide satisfactory service, can provide services with responsiveness, ability, courtesy, and a trustworthy attitude possessed by tax officials. According to Zulaikhah (2013) states that service quality has a positive effect but is not supported. Service quality is an external cause because it comes from outside the taxpayer or is the result of a forced situation. The taxpayer's perception of the quality of service from the tax authorities will affect the assessment of each taxpayer to behave obediently in carrying out tax obligations.

## V. CONCLUSION

1. Tax understanding has no significant effect on taxpayer compliance.
2. Taxpayer awareness has a significant positive effect on taxpayer compliance.
3. Tax socialization has no significant effect on taxpayer compliance.
4. Fiscal service does not have a significant effect on taxpayer compliance.

Based on the research results and conclusions that have been presented. So the suggestions that can be submitted are as follows:

1. Tax officers (fiskus) need to pay more attention to the quality of services they provide to taxpayers. So that taxpayers will feel satisfied with the services provided and increase taxpayer compliance in fulfilling their tax obligations.
2. For the Tax Service Office, it is hoped that it can add to the form of taxation socialization. So that more taxpayers will know how important it is to comply with tax regulations.
3. Individual taxpayers who are obliged to pay PPh article 21 are expected to always increase their self-awareness as taxpayers who have the obligation to pay taxes on time to help support the development of the country.

### Research Limitations

1. The independent variable (variable X) used in this study is only four variables, namely Tax Understanding, Taxpayer Awareness, Tax Socialization and Fiscal Service. While there are still many factors that can affect taxpayer compliance which is the dependent variable (variable Y).
2. The existence of research limitations on data collection techniques, namely by using a questionnaire. Where sometimes the answers given by respondents do not show the real situation.

### Upcoming Research Agenda

1. For further research, changes or additions to research variables can be made which is more to find other factors that affect taxpayer compliance in fulfilling their tax obligations.
2. It is advisable for further research to make changes in the selection of alternative answers to the research questionnaire. And it would be better if it is equipped with a written statement so that it can explore all the things that are the research objectives.

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